

# GMS Flash Alert



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## Portugal – Post-Brexit Tax Registration Obligations for U.K. Nationals

Under new rules in the post-Brexit transition period, which began 1 January 2021, U.K. nationals subject to Portuguese tax law are required to appoint a Portuguese tax representative.

### WHY THIS MATTERS

U.K. tax residents working in Portugal had been entitled to enjoy the same favourable tax treatment provided by the Portuguese income tax rules as other European Union (EU) tax residents.

Since the United Kingdom is no longer a member state of the EU, its citizens have become subject to personal income tax provisions relevant to third-country nationals in Portugal. Therefore, the registry requirements including nomination of a Portuguese tax representative now affect both individual and corporate U.K. tax residents who are registered for Portuguese tax purposes.

### Background

During the Brexit transition period, which ended 31 December 2020, the United Kingdom was treated as if it were still part of the EU for Portuguese Personal Income Tax (PIT) purposes, and U.K. nationals in Portugal had been entitled to rights as EU citizens. However, beginning 1 January 2021, U.K. tax residents are no longer considered EU tax residents, as the United Kingdom is no longer treated as a member state of the EU, therefore its citizens are characterised as “third-country nationals” and are subject to certain tax registration obligations.

### New Registry Requirements

U.K. tax residents (whether U.K. citizens or not) who are registered in Portugal for tax purposes – i.e., who have a Portuguese taxpayer number either for PIT or for Corporate Income Tax purposes – are required to appoint a Portuguese tax representative.

The tax representative to be appointed – who will serve as an intermediary between the Portuguese Tax Authorities (PTA) and the nonresident taxpayer – should either be an individual, or a company, registered for tax purposes as a tax resident of Portugal.

Specifically for those U.K. tax residents who are still registered as self-employed in Portugal, the tax representative to be appointed should also be registered for valued added tax (VAT) purposes.

As a rule, the nomination should be done within 60 days of the date when the individual becomes nonresident in Portugal, otherwise, a penalty (between EUR 75 and EUR 7,500) may be applicable.

Anticipating that constraints to regularising the registry / nomination requirements may occur due to COVID-19, the PTA issued an internal ruling providing that U.K. tax residents with a Portuguese taxpayer number will have until 30 June 2021 to appoint a local tax representative without any penalty.<sup>1</sup>

Nonetheless, the extended deadline will not be applicable to:

- i) the nomination of a tax representative where the tax registry of a U.K. tax resident is yet to be done,
- ii) the update of an individual's tax registry / tax address from Portugal to the U.K.,
- iii) the first registry of a U.K. resident as self-employed in Portugal.

## FOOTNOTE:

1 N.º 514/2020, 23 December 2020, issued by the Secretary of State for Tax Affairs (*Despacho n.º 514/2020-XXII-SEAAF, de 23/12 – Saída do Reino Unido da UE (Brexit) – designação de representante fiscal*). See: [https://info.portaldasfinancas.gov.pt/pt/destaques/Paginas/Despacho\\_SEAAF\\_514\\_2020\\_XXII.aspx](https://info.portaldasfinancas.gov.pt/pt/destaques/Paginas/Despacho_SEAAF_514_2020_XXII.aspx) on the website of Portugal's Autoridade tributária e aduaneira.

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Portugal.



**Jorge Táinha**  
**Partner**

Tel. +351 210 110 078  
[jtainha@kpmg.com](mailto:jtainha@kpmg.com)



**Rita Esteves**  
**Senior Manager**

Tel. +351 210 110 885  
[resteves@kpmg.com](mailto:resteves@kpmg.com)

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